CHAPTER 11: FINDINGS AND CONCLUSION
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11.1 FINDINGS
Findings of the study are based on the primary and secondary data collected.

1. Advantages which got the Indian IT companies to the current level of growths may not be sufficient for future growth.

2. The Indian IT companies predominantly relied on developed markets like US and Europe.

3. All the companies researched believe that collaboration at government level has limited impact on their business. Collaboration between governments of two countries can have a positive impact on IT industry.

4. All the companies researched set revenue targets according to industry verticals. Under each vertical, companies earn revenue through different geographies. There are number of challenges companies face in meeting the targets like economic conditions, strategy change, and so on.

5. All the companies researched feel that they do not face problems due to factors such as limited H1 visas. This is because almost in all the client engagements majority of work done is offshore.

6. For all the companies researched, Services contribute the maximum revenue, followed by Software Products & Services and then by Software Products.

7. All the companies researched were trying to explore new market locations for their established products and services.

8. American recession around the year 2008 impacted decision of some of the researched companies for process of changing direction of exports to different locations. Some of the companies researched have started focusing more on domestic India market.

9. The parameters majority of the companies had chosen for entering a new geographic market location are:
   1. Market size
   2. Growth
   3. Political conditions
   4. Market intelligence
   5. Competition
   6. Geographic distance
   7. Market similarity
10. None of the companies have used a specific model for change in direction of exports. All companies feel that North America will still continue dominate majority of the revenues followed by Europe, and rest of the world.

11. For changing the composition and direction of exports companies used combination of internal and external funding whenever required.

12. Factors responsible for change in different export components are:
   1. Economic
   2. Technological
   3. Social
   4. Political

13. All the companies experienced that the composition of their exports have had impact on direction of their exports. They also experienced that the direction of their exports had impact on composition of exports. The impact of change in direction of their business was positive.

14. Some of the companies conducted market research for change in composition and direction of exports. Some companies faced operational difficulties due to change in composition and direction of exports. Companies were able to overcome the difficulties. All the companies also used benchmarking to decide composition and direction of exports.

15. All the companies had interactions with industry association like NASSCOM regarding composition and direction of exports. All the companies perceive that after five years their revenue from India will increase.

16. Nature of composition of exports the selected IT companies was observed as:

   IT services include, product lifecycle services such as
   a. Research & development prototyping
   b. Development
   c. Testing
   d. Maintenance
   e. Support
   f. Deployment

   For start-ups,
   i. Installation
   j. Configuration management
   k. Globalisation
l. Integration with other products
m. Testing
n. Test automation
o. Release management
p. Other related tasks

Software services include
a. Enterprise product implementation and hosting
b. Business intelligence and data warehousing
c. Collaboration and knowledge management services
d. Business process outsourcing and optimization
e. Remote Infrastructure Management (RIM)
f. Software application planning
g. Portfolio building, development, migration, and support.
h. Application development
i. Maintenance
j. Re-engineering and support
k. System Integration (SI)

Other services include
a. Consulting
b. Business services
c. Business Process Outsourcing (BPO)
d. Engineering & industrial services
e. Research & Development (R&D)

Storage & computing systems, communication systems, automotive, consumer appliances & computer peripherals, industrial systems, avionics, multi-markets

Technologies offered include
a. Cloud computing
b. Collaboration
c. Data management
d. Business Intelligence (BI) & performance management
e. Mobility
f. Security

Industries served include,
a. Technology
Focus areas include,
  a. Cloud computing
  b. Enterprise mobility
  c. Business Intelligence (BI) / analytics
  d. Enterprise collaboration

Products for industries like
  a. Retail
  b. Cloud computing for SMEs
  c. Small and Medium Enterprises (SME)
  d. Technology

Service packages like
  a. Impact sourcing, minimum saving of up to 10% in 10 months
  b. First Time Offshorers (FTO), a consultative approach
c. Shared Services Model, shared BPO and IT services

d. Integrated full service model to provide business solution which will include
design, development, and management of software, maintaining hardware, and
managing business processes. Through this model, own the Intellectual
Property (IP) and using it as a solution to for other customers.

17. Companies used strategic concepts like Vision Communities to change composition of
exports. Companies also used innovation to change composition of its exports.

18. Companies like TCS identified geographic growth strategies as one important aspect of
its overall strategy.

19. For TCS, MindTree, KPIT Cummins, & Persistent revenue from US either declined or
remained flat. For Zensar revenue from US gradually increased.

20. For all the companies researched, revenue from Europe declined.
21. For TCS, MindTree, KPIT Cummins, & Persistent revenue from rest of the world region is increasing except Zensar.
For overall Indian IT industry, revenue from US declined, from Europe is on rise, and from rest of the world is on gradual rise.
11.2 CONCLUSION
The research was initiated on the background of American recession of the year 2008. It was observed that the Information Technology (IT) industry was shifting its focus from developed economies to developing economies. It was found important to research this shift in focus. Although the primary objective of marketing to satisfy customer needs profitably remains same, the shift in focus changes many parameters.

HYPOTHESIS
Working hypothesis is ‘the American recession of 2008 had impact on the process of change in direction of exports of selected IT companies in Pune’. To study the hypothesis, here are the findings for each company researched.

1. For Persistent, there was marginal revenue increase in 2009-10 probably because of recession and due to recovery there was considerable revenue growth in FY 2010-11.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage year on year growth</th>
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<tbody>
<tr>
<td>FY 2006-07</td>
<td>46</td>
</tr>
<tr>
<td>FY 2007-08</td>
<td>35</td>
</tr>
<tr>
<td>FY 2008-09</td>
<td>40</td>
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<tr>
<td>FY 2009-10</td>
<td>1</td>
</tr>
<tr>
<td>FY 2010-11</td>
<td>29</td>
</tr>
</tbody>
</table>

Table 36: Year on year revenue growth for Persistent

2. For Zensar, on the verge of 2008 American economic recession, the revenue seemed to be on rise. This is probably because the effect of recession will reflect in next year’s revenue. The percentage year on year revenue drop in 2009-10 can be attributed to American recession around year 2008.

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<td>29</td>
</tr>
<tr>
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<td>16</td>
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<tr>
<td>FY 2009-10</td>
<td>5</td>
</tr>
<tr>
<td>FY 2010-11</td>
<td>19</td>
</tr>
</tbody>
</table>

Table 37: Year on year revenue growth for Zensar
3. For TCS, slight revenue drop in FY 2009-10 was probably because of American recession of 2008. The global meltdown took some time to recover. For the company, recovery could have been quick since it diversified into different geographies.

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<tr>
<td>FY 2008-09</td>
<td>22</td>
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<td>FY 2009-10</td>
<td>8</td>
</tr>
<tr>
<td>FY 2010-11</td>
<td>24</td>
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Table 38: Year on year revenue growth for TCS

4. For KPIT Cummins, it is interesting to notice dip in revenue in FY 2009-10, which can be attributed to after effects of 2008 American recession.

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<td>FY 2009-10</td>
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</tr>
<tr>
<td>FY 2010-11</td>
<td>46</td>
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</tbody>
</table>

Table 39: Year on year revenue growth for KPIT Cummins

5. For MindTree, at the time of American recession of 2008 and after, the revenue growth was almost continuous.

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</tr>
<tr>
<td>FY 2010-11</td>
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</tr>
</tbody>
</table>

Table 40: Year on year revenue growth for MindTree

To summarise, Persistent, Zensar, TCS, KPIT Cummins, and MindTree saw percentage year on year revenue drop around FY 2009-10. This can be due to American recession of 2008.

Here is study of change in direction of exports for each company researched.

1. It seems American recession of 2008 had some impact on change of direction of exports at Persistent. Till FY 2008, there was gradual increase in revenue from the US and rest of the world except Europe which was on decline. From 2009 to 11 the US revenue started to reduce gradually.

2. For Zensar, share of revenue from US continued to increase before and after American recession of 2008. Share of revenue from UK and Europe continued to decline before and
after American recession of 2008. It seems American recession of 2008 haven’t had much impact on change of direction of exports at Zensar.

3. At TCS, share of revenue from the US was on decline before American recession of 2008 and there was gradual increase thereafter. UK and Europe were on gradual decline before and after 2008. Whereas rest of the world revenue share was increasing before and after 2008.

4. For KPIT Cummins, revenue share of the US before 2008 was almost flat which started picking up thereafter. The Europe revenue share was on decline before and after 2008. Rest of the world revenue share was on rise before and after 2008.

5. At MindTree the US revenue share was increasing before 2008 which started to decline thereafter. The Europe revenue share continued to decline before and after 2008. Revenue share of rest of the world region was on gradual rise before and after 2008.

It can be observed that the American recession of 2008 had impact on the process of change in direction of exports of Persistent, TCS, KPIT Cummins, and MindTree except Zensar.

1. The research provides insight into change in composition & direction of exports of IT companies. It is evident from the study that the researched companies changed composition. Market size is the primary parameter for entering a new geographic location. Each company researched shows some different patterns of change in composition & direction.

2. The American recession of 2008 had limited impact on the process of change in composition and direction of exports of selected IT companies in Pune.

3. Changing the direction of exports to newer locations takes a lot of time to execute.

4. The research shows that economics is a dominant factor responsible for change in different export components.

5. Inorganic growth route of Mergers & Acquisitions (M&As) has impact on the composition.

6. Companies identified geographic concentration as a risk.

7. New offices were opened at different countries to tap local market.
11.3 SUGGESTIONS
1. Indian IT companies should not only wait for the recession to change its focus geographic markets. The change should be executed proactively.
2. Only the service export may not be sufficient to fulfil the ambitions and growth levels of the Indian IT companies. They will have to venture in to developing products.
3. In next decade or two, the Indian IT companies cannot only sit on laurels of the past success. They will need to design world class strategies to really become global.
4. The Indian IT companies will need to move beyond the client industry understanding. They will have to design its services in a way that it will provide solutions to the client’s business problems.
5. Factors which governed changes in composition and direction of exports may keep on changing. The companies will need to monitor these to make necessary changes.
6. It will be important for Indian IT companies to understand the economic cycles much better. It will help them to navigate their business in turbulent times.

11.4 DIRECTION FOR FUTURE RESEARCH
Future research can be done in following areas:
1. Change in composition of exports of non Indian IT companies
2. Change in direction of exports of non Indian IT companies
3. Factors responsible for change in composition of exports of non Indian IT companies
4. Factors responsible for change direction of exports of non Indian IT companies
5. Business models of future for IT companies
6. Understanding the retrospective growth of global IT industry

11.5 LIKELY CONTRIBUTION
1. This study provides insight into nature of composition & direction of exports of researched IT companies.
2. The study is helpful to get insight in to factors responsible for changing composition & direction of exports.
3. The study elaborates on retrospective growth of IT industry in India.
4. The study provides insights in to geographic segmentation of researched companies.